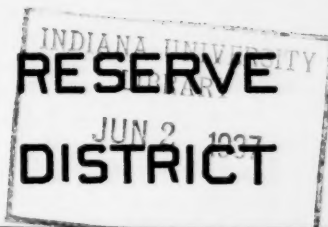


BUSINESS CONDITIONS

SEVENTH FEDERAL



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DISTRICT SUMMARY

CURRENT data on business conditions in the Seventh Federal Reserve district indicate that the production and sale of goods continue to maintain rather wide margins of increase over the corresponding volumes of 1936. Less favorable trends are noted in certain food-producing industries, and seasonal factors have been operative in several other phases to effect recessions, but activity in general has been well maintained and further expansion has taken place in some instances.

Among the major manufacturing groups, the iron and steel industry continued to operate through April and well into May at a high rate, the production of automobiles expanded further in April, and the volume of building construction approximated that for March. There was some decline in output from steel and malleable casting foundries, but activity remained well above that of a year ago. Smaller orders and shipments at furniture factories reflected seasonal trends and both items continued considerably above the 1927-36 average. The movement of building materials was further accelerated in April. As the result principally of greater activity in the durable goods industries, employment and payrolls in the Seventh district showed gains in the current reporting period.

Output of reporting food groups in April was below the 1927-36 average for the month, and production of packing-house commodities and of Wisconsin cheese was also under a year ago. The manufacture and distribution of creamery butter and of Wisconsin cheese rose over March, that of butter being above last April as well, while the tonnage of packing-house commodities produced and sold this April totaled less than a month earlier. Inventories of creamery butter were much below the 1932-36 average for the period, while those of meats and of cheese remained well above it. Although the movement of wheat in April was the heaviest for the year to date, it was one-third less than the 1927-36 average for the month, and the

movement of corn was light in the period; visible supplies of both grains were only one-fifth of the ten-year average. With more favorable weather conditions, field work in the Seventh district has been making rapid progress in recent weeks, and pastures and meadows have improved considerably. The forecast for the 1937 production of winter wheat and of rye was much above the average 1928-32 crops.

Seasonal trends affected business during April in reporting wholesale trade groups, sales in the grocery and drug trades showing small declines and those in the hardware and electrical supply trades expanding; all groups sold more than a year ago in April. Although Easter buying fell in March this year and mostly in April of last year, Seventh district department store trade decreased only 3 per cent in the current period from a month previous and exceeded that of last April by 10 per cent. The retail shoe trade declined counterseasonally in April and was lighter than a year previous, while the retail furniture trade increased seasonally and was considerably above a year ago.

As the result mainly of an excess of Treasury disbursements locally over receipts, member bank reserve balances at this bank increased 54 million dollars in the five weeks ended May 19. Total loans and investments of reporting member banks in the district declined slightly between April 14 and May 12 because of smaller holdings of United States Government direct obligations, other investments and total loans increasing in the period; both demand and time deposits in these banks were higher on May 12 than four weeks previous. April sales of commercial paper by midwest dealers showed a decline from March but were above a year ago; new financing through bankers' acceptances increased counterseasonally and equaled that of last April. Activity in the midwestern bond market was at a low level through the middle of May.

Credit and Finance

Reserves of Seventh district member banks exceeded legal requirements by about 150 million dollars on the first semi-monthly reporting date following the increase in requirements on May 1. Reserve balances rose about 54 million dollars in the five-week period ended May 19. The increase resulted chiefly from an excess of United States

Treasury disbursements over receipts amounting to 88 million dollars for the period, which gain in banking funds was partly offset by a loss of 16½ million dollars to other districts through commercial and financial transactions, an increase in money circulation of 15 million dollars, and by a reduction of 2 million dollars in reserve bank credit extended (largely "float"). The excess of Treasury disbursements over collections was principally due to redemp-

tions in this district of over 115 million dollars in Government securities (mostly bills). Tax receipts, sales of Treasury bills, and withdrawals from depositary banks on War Loan credit account were the chief items in Treasury collections.

No great change was noted in loan rates in mid-May as compared with a month previous. There was, however, a slight tendency for lower rates on prime commercial loans among outlying Chicago banks, while several "loop" banks reported slightly higher rates on this class of loan. The trend appeared to be downward in Chicago for rates on demand collateral loans and upward on time collateral and commodity paper loans. Rates in Detroit remained practically unchanged. The average rate earned on total loans and discounts by representative downtown Chicago banks in April was 2.67 per cent against 2.63 in March. Major Detroit banks reported the opposite tendency, with the April average at 2.68 and the March average at 2.70 per cent.

April sales of commercial paper by midwestern dealers fell off 30 per cent from March, but were 13 per cent above sales for April 1936. Total outstandings at the end of the month dropped seasonally only 6 per cent under the March 31 figure, remained 62½ per cent over the year-ago amount, and equaled the 1927-36 average for the date. Rates hardened slightly in April and held about steady in the first half of May, with the bulk of sales still at one per cent but with more sales being made at 1¼ and fewer at ¾ per cent. Chicago firms report a much better demand for commercial paper during the first half of May and have had inquiries from several banks which previously had restricted their purchases.

Although a decline is normally expected, the volume of acceptances created in April by Seventh district banks rose 29 per cent over the March total to within 53 per cent of the 1927-36 April average and approximated the April 1936 amount. Reports from several Chicago banks indicate an increase of about one-third in new financing for the first half of May over the corresponding April period. April 30 outstandings dropped seasonally 3½ per cent from the end of March and were the lowest since last June. Accepting banks sold none of their own bills but, rather, purchased considerably more of their acceptances and those of others than in March. Nominal rates quoted on the Chicago open-bill market softened ⅛ of a point May 7 on all but the 30-day maturities. After the change, 60- to 90-day bills were quoted at ⅛ bid, ½ asked.

According to reports from midwestern dealers, activity in the bond market during April and the first part of May was at a very low level, with only minor changes in prices, which recovered somewhat after mid-April, best advances being made in high-grade corporate bonds. Toward the end of April prices receded a little, then strengthened somewhat in the first part of May. With ample funds

available for investment, institutional investors were inclined to buy the better grade short- and medium-term issues on price dips, while individual investors continued to exhibit but very little interest in bond purchases. Middle-western banks as a whole maintained a waiting attitude, neither buying nor selling bonds in large amount. No pronounced overhang of selling orders was evident. The supply of new issues was very limited, with much proposed or contemplated financing still deferred. The 273-day Treasury bills dated May 26 were sold at an average discount of .617 per cent, in contrast to the year's high of .738 reached May 5 and the January 6 low of .316 per cent. Average prices on the Chicago Stock Exchange continued their irregular downward course and stood at \$58.02 on May 22.

TRANSIT OPERATIONS OF THE FEDERAL RESERVE BANK OF CHICAGO AND DETROIT BRANCH

(Exclusive of Treasury checks and of non-transit items drawn on own bank)

	April 1937	April 1936
Total country and city check clearings:		
Pieces.....	10,742,101	10,901,369
Amount.....	\$2,279,781,428	\$1,898,061,718
Daily average clearings:		
Total items cleared—		
Pieces.....	415,407	419,283
Amount.....	\$88,270,657	\$73,002,374
Items drawn on Chicago—		
Pieces.....	66,702*	102,894
Amount.....	\$45,387,000	\$37,773,000
Items drawn on Detroit—		
Pieces.....	21,493	19,140
Amount.....	\$11,684,657	\$8,946,510

*Decline in April 1937 is due to the packaging of checks drawn on Chicago banks.

Agricultural Products

Field work on farms in the Seventh Federal Reserve district had begun to make rapid progress by the middle of May, after having been delayed by the unfavorable weather conditions and excessive moisture which prevailed all spring. Tractors were being used at night in many localities to speed up preparations for corn; however, planting of the crop averaged three to ten days later than usual and was less than 40 per cent finished by May 18. The seeding of oats and other small grains was completed one to two weeks later this spring than normally. Some shifting in the oats acreage to corn, soybeans, and other crops took place because of the backward season; early plantings of the grain showed an even stand and were in good condition, but indications are that some of the late

CONDITION OF LICENSED REPORTING MEMBER BANKS SEVENTH DISTRICT

(Amounts in millions)

	May 12 1937	Change from April 14 1937	May 13 1936
Total loans and investments.....	\$3,051	\$ -5	\$ +209
Total loans on securities.....	265	+7	+5
To brokers and dealers:			
In New York.....	3	0	-6
Outside New York.....	46	+1	+4
To others (except banks).....	216	+6	+7
Acceptances and commercial paper bought.....	43	+1	+11
Loans on real estate.....	79	+3	+13
Loans to banks.....	7	0	-3
Other loans.....	578	-4	+163
U.S. Government direct obligations.....	1,471	-32	-27
Obligations fully guaranteed by U. S. Government.....	173	+9	+15
Other securities.....	435	+11	+33
Demand deposits—adjusted.....	2,238	+82	+168
Time deposits.....	854	+5	+88
Borrowings.....	0	0	0

FEDERAL RESERVE BANK OF CHICAGO, SELECTED ITEMS OF CONDITION

(Amounts in millions)

	May 19 1937	Change from April 21 1937	May 20 1936
Total bills and securities.....	\$280.0	\$ +3.9	\$ -43.9
Bills discounted.....	0.2	+0.1	+0.2
Bills bought.....	0.5	+0.1	-0.1
U. S. Government securities.....	278.4	+3.8	-42.8
Total reserves.....	1,771.2	+15.1	+208.8
Member bank reserve deposits.....	1,022.2	+3.0	+87.1
All other deposits.....	24.1	+8.2	-19.4
Federal Reserve notes in circulation.....	970.4	+6.8	+97.1
Ratio of total reserves to deposit and Federal Reserve note liabilities combined.....	87.8%	0*	+3.4*

*Number of points.

plantings will be utilized for pasturage. Winter wheat ranged from fair to very good in condition on May 18, and the Seventh district crop for 1937 was forecast as about 40 per cent larger than the 1928-32 average. Production of rye was similarly estimated much above this average. Potato planting neared completion and planting of other garden truck continued. Tree fruits were making a good set in all sections, except that in southern Illinois and in some parts of Indiana the prospect for peaches was poor. Pastures and meadows had improved sufficiently by May 18 to alleviate the shortage of other feed. New seedings of clover and grasses to replace a considerable portion of acreage which had been winter-killed, were up to a good stand. Some alfalfa fields seemed rather thin.

The Federal Reserve Bank of Chicago made no independent survey of the spring pig crop in 1937; however, reports from other sources indicate a decline from a year ago both in the Seventh Federal Reserve district and in the United States.

CROP PRODUCTION

Estimated by the United States Bureau of Agricultural Economics on the basis of May 1 condition

	(In thousands of bushels)		United States		1928-32 Average
	Seventh District Forecast 1937	Final 1936	Forecast 1937	Final 1936	
Winter wheat.....	113,422	92,453	654,295	519,013	623,220
Rye.....	13,525	6,822	42,913	25,554	38,212

GRAIN MARKETING

Though aggregating one-third under the 1927-36 average for the period, April receipts and reshipments of wheat at interior primary markets in the United States exceeded those of any month since last December. Exports of the grain were greater than for any corresponding period subsequent to October 1936 and above a year ago, but much below the current volume of imports despite a decline in the latter from both a month and year earlier. Coincident with the foreign market weakness which accompanied the recent diminishing speculative interest in commodities, and also because of an improved outlook for crops in the United States, prices of No. 2 hard winter wheat for immediate delivery at Chicago declined from mid-April to \$1.23½ and \$1.27½ on May 13. Quotations, under the influence of adverse weather conditions in North America, a renewal of European demand in world markets, and increased export business from the United States, had recovered to \$1.37½ and \$1.40¾ by May 19; subsequently, they declined to \$1.31¾ and \$1.35½ on May 22. Visible supplies of the grain in the United States were only one-fifth as large on May 15 as the 1927-36 average for the date.

The receipts of corn at United States interior primary centers of accumulation were smaller in April than at any time since September 1935 and reshipments remained con-

siderably under the volume of current arrivals. Imports continued heavy. After advancing from mid-April to the first week of May, prices of No. 2 yellow corn at Chicago declined to \$1.26½ and \$1.29½ by May 12. Recovery brought them to \$1.36½ and \$1.39½ by May 17, but they eased again later. The May 15 visible supplies of the grain in the United States were only one-fifth of the 1927-36 average for the date. Primary market receipts of oats rose during April to a level above any month subsequent to August 1936. Reshipments exceeded current receipts and were the heaviest since last December. An advance in prices of the grain during the last half of April was followed by a decline to 50 and 51¼ cents on May 12; however, quotations had strengthened to 54½ and 57¾ cents by May 18. Subsequently, they declined in sympathy with wheat.

MOVEMENT OF GRAIN AT INTERIOR PRIMARY MARKETS IN THE UNITED STATES (In thousands of bushels)

	April 1937	March 1937	April 1936	April 1927-36 Av.
Wheat:				
Receipts.....	8,924	7,648	7,302	13,545
Shipments.....	8,749	7,566	7,697	12,934
Corn:				
Receipts.....	7,915	9,436	17,736	14,808
Shipments.....	4,762	5,383	8,477	12,575
Oats:				
Receipts.....	4,619	3,549	4,848	7,168
Shipments.....	7,754	7,184	5,122	8,097

MOVEMENT OF LIVESTOCK

Hog receipts at public stockyards in the United States decreased more than is usual in April from March, and those of cattle and calves showed counterseasonal declines during the month. Lamb marketings, on the other hand, rose to the highest level since January. With the exception of cattle, each increased in volume over last April. The number of hogs was the smallest since September 1936 and remained considerably under the 1927-36 average for the month. Lamb marketings also were below the ten-year average, but those of cattle and calves increased in the comparison. Movement to inspected slaughter—including of animals that did not pass through public stockyards—coincided with the general trend of market receipts, except that the supply of lambs for slaughter was greater than the 1927-36 April average and the number of cattle and calves for this purpose showed a larger increase over this average than was evidenced by market receipts.

Reshipments of feeder cattle and calves during April continued above the 1932-36 average, but those of lambs were smaller in the comparison. However, the volume of each increased over March.

LIVESTOCK SLAUGHTER (In thousands)

	Cattle	Hogs	Lambs and Sheep	Calves
Yards in Seventh District,				
April 1937.....	188	464	207	111
Federally Inspected Slaughter,				
United States:				
April 1937.....	802	2,810	1,334	598
March 1937.....	825	3,033	1,312	592
April 1936.....	812	2,559	1,267	525

AVERAGE PRICES OF LIVESTOCK (Per hundred pounds at Chicago)

	Week Ended May 22 1937	April 1937	Months of March 1937	April 1936
Native Beef Steers (average).....	\$11.35	\$10.85	\$10.80	\$8.45
Fat Cows and Heifers.....	8.70	8.30	8.10	7.00
Calves.....	9.25	8.65	8.80	8.35
Hogs (bulk of sales).....	11.35	10.00	10.20	10.55
Lambs.....	10.75	12.40	12.00	10.90

VOLUME OF PAYMENT BY CHECK, SEVENTH DISTRICT

(Amounts in millions)

	April 1937	March 1937	April 1936
Chicago.....	\$3,149	-17.2	+10.0
Detroit.....	1,035	-6.9	+20.1
Milwaukee.....	294	-7.8	+6.3
Indianapolis.....	217	+1.4	+28.7
Total four larger cities.....	\$4,195	-13.8	+12.6
77 smaller cities.....	886	+1.2	+16.9
Total 41 centers.....	\$5,531	-11.8	+13.2

MEAT PACKING

Packing-house commodity production at inspected slaughtering establishments in the United States declined somewhat more than seasonally in April to a level 5 per cent below March, one per cent under a year ago, and $7\frac{1}{2}$ per cent below the 1927-36 average for the month. The tonnage sold slightly exceeded the volume of current production and was $4\frac{1}{2}$ per cent in excess of last April, but decreased 4 per cent from March and was 3 per cent under the 1927-36 April average. Despite some easing in lard and a few other pork products, the general price level of packing-house commodities averaged slightly higher during the period than in March. Dollar sales billed to domestic and foreign customers aggregated one per cent larger than a month earlier, $12\frac{1}{2}$ per cent greater than in April 1936, and $14\frac{1}{2}$ per cent above the ten-year average for the month. Inventories of these commodities in the United States fell off somewhat more than seasonally between April 1 and the beginning of May, but were much heavier than a year ago and approximately 40 per cent above the 1932-36 average for the date. Payrolls at the close of April showed a further decline of one per cent in number of employees; there was an increase over March, however, of $2\frac{1}{2}$ per cent in hours worked and of 6 per cent in wage payments. As compared with the corresponding period of 1936, payrolls recorded a gain of $11\frac{1}{2}$ per cent in employees, 10 per cent in hours, and $32\frac{1}{2}$ per cent in wage payments.

Shipments for export increased in April over March. A number of concerns resumed lard forwardings to the United Kingdom during the month and others began to make consignments to that country early in May. Demand for American pork products in British markets improved in April, partly owing to anticipated heavier consumption requirements during the Coronation holidays. Cuba and Porto Rico, however, continued to be the best market for United States lard. Continental demand for United States packing-house commodities remained negligible. English quotations for United States lard were somewhat closer to the Chicago parity than a month earlier; prices of American hams remained somewhat under those of Chicago. Cuban and Porto Rican quotations for packing-house products of the United States continued on a parity with Chicago.

Imports of animal products into the United States declined slightly in April from the high level obtaining in March.

DAIRY PRODUCTS

Creamery butter production in the Seventh Federal Reserve district rose $12\frac{1}{2}$ per cent in April over March to the highest level since last October, and aggregated $\frac{1}{2}$ per cent larger than a year ago but 15 per cent smaller than the 1927-36 average for the month. The tonnage sold was somewhat greater than current production and only 4 per cent under the ten-year average for April, though showing an increase of but $2\frac{1}{2}$ per cent over March and of $\frac{1}{2}$ per cent over a year previous. Manufacture of the commodity in the United States gained less than seasonally in April and was slightly below the 1927-36 average for the month. Creamery butter inventories in the United States declined less than is usual on May 1 from the beginning of April but were one-fourth smaller than the 1932-36 average for the date. Importations of the commodity into the United States were smaller in April than during

March. Prices declined in the period and showed some further easing during the first three weeks of May.

Wisconsin production of American cheese increased 10 per cent in April over a month earlier, but was 2 per cent lighter than in the corresponding period of 1936 and 7 per cent under the 1927-36 average for the month. Though recording a gain of only $\frac{1}{2}$ per cent over March and a decrease of 12 per cent from a year ago and of $5\frac{1}{2}$ per cent from the ten-year average, distribution of the commodity from primary markets of the State slightly exceeded current manufacture. Total inventories of cheese in the United States decreased less than normally on May 1 from a month previous and aggregated nearly 50 per cent larger than the 1932-36 average for the date. Prices of this commodity declined to April 23 and then remained relatively steady during the remainder of the month and the first three weeks of May.

Industrial Employment Conditions

Employment in Seventh district industries increased by a little over 2 per cent between March 15 and April 15, thereby slightly more than offsetting the loss experienced a month earlier. Payrolls, which have risen steadily since January, expanded $4\frac{1}{2}$ per cent in April, a reflection of the numerous raises in wage rates that became effective in the month. These raises were widespread, affecting especially durable goods industries such as iron and steel, stone-clay-and-glass, and wood products, but also many of the consumer goods groups, chief among them the chemicals, the paper and printing, and the food products industries. The last-named showed a decrease in employment of one per cent, while registering a rise of 6 per cent in aggregate payrolls. Employment in the paper and printing group also declined while wage payments rose, both by a small percentage. In two consumer goods groups, textiles and leather products, payrolls as well as employment decreased; in nondurable goods as a whole the latter item fell below the level of the preceding month.

All durable goods groups showed substantial increases in number of workers employed as well as wage payments. In the iron and steel industries, payrolls totaled $7\frac{1}{2}$ per

EMPLOYMENT AND EARNINGS—SEVENTH FEDERAL RESERVE DISTRICT

Industrial Group	Week of April 15, 1937			Change from March 15, 1937	
	Reporting Firms	Wage Earners	Earnings (000 Omitted)	Wage Earners %	Earnings %
	No.	No.	\$		
DURABLE GOODS:					
Metals and Products ¹ ...	1,524	485,552	14,928	+1.8	+7.5
Vehicles.....	343	436,465	14,455	+5.8	+4.5
Stone, Clay, and Glass.....	251	25,231	642	+4.4	+9.8
Wood Products.....	410	50,236	1,094	+0.7	+3.4
Total.....	2,528	997,484	31,119	+3.5	+6.0
NON-DURABLE GOODS:					
Textiles and Products...	340	68,045	1,310	-0.3	-2.2
Food and Products.....	745	98,844	2,636	-1.0	+5.9
Chemical Products.....	241	34,346	1,024	+1.6	+5.3
Leather Products.....	135	27,221	580	-1.8	-0.8
Rubber Products.....	32	21,142	571	+0.3	+2.5
Paper and Printing.....	615	78,443	2,293	-1.2	+1.0
Total.....	2,108	328,041	8,414	-0.6	+2.4
Total Mfg., 10 Groups...	4,636	1,325,525	39,533	+2.5	+5.2
Merchandising ²	3,461	118,078	2,513	+1.3	+1.8
Public Utilities.....	617	91,744	3,096	+0.8	-1.2
Coal Mining.....	25	3,558	69	-16.0	-45.3
Construction.....	315	9,649	248	+13.9	+11.8
Total Non-Mfg., 4 Groups	4,418	223,029	5,926	+1.3	-0.4
Total, 14 Groups.....	9,054	1,548,554	45,459	+2.3	+4.4

¹Other than Vehicles.

²Illinois, Indiana, and Wisconsin.

cent higher than in the preceding month, as against a rise of a little less than 2 per cent in employment. The vehicles group increased employment 6 per cent and wage payments $4\frac{1}{2}$ per cent, reflecting the settlement of a number of strikes which in the preceding month were mainly responsible for curtailments of 12 and 8 per cent, respectively, in these items. The stone-clay-and-glass products group recorded a substantial seasonal expansion for the third consecutive month, and wood products followed this trend with a more moderate rise. The non-manufacturing industries as a whole showed a trend similar to that in the manufacturing classification in employment but registered a minor recession in payrolls. This latter was effected through a sharp seasonal curtailment in the coal-mining industry as well as through a moderate decline in payrolls of reporting public utility concerns.

Manufacturing

AUTOMOBILE PRODUCTION AND DISTRIBUTION

Output of automobiles in the United States continued to expand in April, although strike conditions had their effect in the early part of the period, and it exceeded that of April last year which had been the largest for the month since 1929. Passenger cars manufactured this April numbered 439,980, or 9 per cent above a month previous and 6 per cent greater than a year ago; while truck production of 96,354 vehicles was heavier by 7 and 12 per cent in the respective comparisons.

Little change was shown between March and April in the aggregate number of new automobiles sold at retail in this district, while the number sold at wholesale fell off. Although a majority of firms reported declines, sales to dealers by distributors numbered a little more than in April last year, and those by dealers to users numbered slightly less; the dollar value of each was greater in the comparison. Some increase was noted in stocks of new cars on hand April 30 over the end of March, but they continued to be considerably smaller than a year ago. Although sales of used cars recorded a decline in April from March, they totaled above those made in April 1936; stocks were a little lighter than a month previous and numbered about the same as at the close of April last year.

IRON AND STEEL PRODUCTS

A slight easing of pressure in the demand for steel products from Chicago district mills has been apparent in recent weeks. However, specifications and shipments remained in substantial volume through April and into May, and activity in the industry continues to be maintained at a

high level. Output of steel ingots for the second week of May averaged 86 per cent of capacity, or the same as four weeks previous and almost 20 points above the rate prevailing a year ago at the same time. Production of pig iron in the Illinois and Indiana district was 3 per cent greater in the daily average for April than for March and almost 40 per cent above that for last April. Continued weakness prevails in the scrap iron and steel market, as the result of a heavy incoming supply, and prices in the middle of May were lower for a number of items than at any time so far this year.

Production and shipments as reported for April by Seventh district foundries were slightly lower than in the preceding month, the losses being less marked in dollar than in tonnage units and somewhat more pronounced in steel than in malleable iron castings. New business likewise registered only a minor recession from a month previous in malleable castings, but in steel castings the decline was sharp—47 per cent in tonnage and 41 per cent in dollar value. As compared with a year ago, favorable margins were recorded by all items, the gains ranging from 19 per cent in production to 82 per cent in orders for malleable iron castings and from 37 per cent in orders to 92 per cent in shipments of steel castings.

In the manufacture of stoves and furnaces, orders accepted registered a decline of 23 per cent and molding-room operations a loss of about 5 per cent from the seasonally high levels reached during March, while shipments showed a further increase of 14 per cent. Gains over a year ago amounted to 3 per cent in production, and 32 and 44 per cent, respectively, in new orders and shipments. Inventories at the close of April were 8 per cent larger than a month earlier and 73 per cent above those of a year ago.

FURNITURE

Data covering April activity at furniture factories of the Seventh district show that seasonal trends were operative in the period; new orders declined 14 per cent and shipments 9 per cent from March, the decrease in each item being a little more than is usual for April. The former totaled about 30 per cent and the latter almost 45 per cent greater than in April last year, and both were almost 40 per cent above the 1927-36 average for the month. The volume of shipments in the current period exceeded that of orders booked and with cancellations effected a reduction of 10 per cent from a month previous in the amount of unfilled orders which were, however, nearly 75 per cent above those on hand at the close of April last year. The ratio

MIDWEST DISTRIBUTION OF AUTOMOBILES

	April 1937 Per Cent Change from		Companies Included
	March 1937	April 1936	
New Cars:			
Wholesale—			
Number Sold.....	-19.7	+2.5	17
Value.....	-10.0	+9.6	17
Retail—			
Number Sold.....	+0.1	-0.7	31
Value.....	+2.7	+4.9	31
On Hand End of Month—			
Number.....	+9.6	-35.6	31
Value.....	+11.9	-34.2	31
Used Cars:			
Number Sold.....	-5.4	+6.8	31
Salable on Hand—			
Number.....	-2.2	+0.1	31
Value.....	-0.9	+3.1	31

LUMBER AND BUILDING MATERIALS TRADE

Class of Trade	April 1937 Per Cent Change from		Number of Firms or Yards
	March 1937	April 1936	
Wholesale Lumber:			
Sales in Dollars.....	+3.2	+38.8	7
Sales in Board Feet.....	+18.6	+36.2	5
Accounts Outstanding.....	+3.0	+35.1	7
Retail Building Materials:			
Total Sales in Dollars.....	+28.5	+8.1	159
Lumber Sales in Dollars.....	+35.4	+26.2	77
Lumber Sales in Board Feet.....	+51.5	+13.3	87
Accounts Outstanding.....	+11.8	+4.5	156
Ratio of Accounts Outstanding ¹ to Total Dollar Sales during Month			
	April 1937	March 1937	April 1936
Wholesale Trade.....	125.0	125.2	128.5
Retail Trade.....	225.0	259.7	232.5

¹End of Month.

of unfilled orders to new orders rose from 112 per cent in March to 116 per cent in April, the latter comparing with a ratio of only 79 per cent a year ago. There was a slight curtailment in operations during April, but the rate continued to average better than 85 per cent of capacity and was about 18 points higher than in the same month of 1936.

SHOE MANUFACTURING, TANNING, AND HIDES

Shoe manufacturing in the Seventh district continued at a high rate of activity in the first three months of 1937, output rising even more sharply than is customary and aggregating 23 per cent larger than in the same period of 1936. The tanning industry also has been operating on a substantially larger scale this year than last, dollar sales of leather showing an increase of 40 per cent in the first-quarter comparison. The Chicago market for packer green hides and skins has continued strong and, while the total volume sold was about the same as a year ago, the dollar value thereof was considerably greater. Quotations are higher by 4 to 5 cents a pound on a majority of hide specifications and by even more on calf and kip skins. Shoe and leather prices are likewise above those of a year previous but the advances have been of more moderate proportions. The wholesale price level of hides and leather products as a whole, as compiled by the United States Bureau of Labor Statistics, advanced $4\frac{1}{2}$ per cent during the first quarter of 1937 over the end of 1936 and in March was 10 per cent higher than in the same month a year ago.

Building Materials, Construction Work

Demand for building materials expanded seasonally during April, sales by manufacturers and dealers throughout the district showing increases that were approximately as large as is customary in this month. In the distribution of lumber, dollar sales by wholesale and manufacturing concerns experienced, as is usual, only a moderate advance during April, following a gain of over 20 per cent in the preceding month. At retail yards, on the other hand, lumber sales registered as sharp an expansion in April as a month earlier and total dollar sales increased by almost as much. Dollar sales of lumber at both wholesale and retail were approximately one-third again as large as in April 1936, to which increases price advances during the past year have contributed a considerable share. Preliminary reports on the production and shipments of cement from plants within the district indicate that, while probably not more than about 55 per cent of the 1925-29 April average, these items followed the usual upward trend for the season and were moderately higher than in the corresponding month a year ago. Brick deliveries also increased substantially during the current period and were greatly in excess of last year's April volume, though remaining at about 20 per cent of what is considered normal for this industry.

WHOLESALE TRADE IN APRIL 1937

Commodity	Per Cent Change from Same Month Last Year				Ratio of Accounts Outstanding to Net Sales
	Net Sales	Stocks	Accounts Outstanding	Collections	
Groceries.....	+12.1	+24.8	+0.7	+16.0	75.3
Hardware.....	+26.3	+36.2	+26.3	+33.9	159.3
Drugs.....	+6.2	+5.6	-4.4	+4.3	145.3
Electrical Supplies..	+74.9	+86.2	+69.2	+91.4	118.4

BUILDING CONSTRUCTION

The volume of building construction in the Seventh district, as reflected in contracts awarded data, totaled nearly the same in April as in the preceding month when a sharp seasonal increase had been shown. Although residential building was almost half again as large in the current period as in April 1936, the gain was the smallest in the yearly comparison for any month so far this year, while the increase of 27 per cent in total contracts awarded was the largest in over six months. As in March, residential contracts comprised almost one-third of the total.

BUILDING CONTRACTS AWARDED* SEVENTH FEDERAL RESERVE DISTRICT

Period	Total Contracts	Residential Contracts
April 1937.....	\$47,335,700	\$15,187,100
Change from March 1937.....	-0.3%	-1.1%
Change from April 1936.....	+27.1%	+49.4%
First four months of 1937.....	\$167,863,300	\$46,542,800
Change from same period 1936.....	+20.4%	+88.6%

*Data furnished by F. W. Dodge Corporation.

April reports from 100 cities of the Seventh district on building permits issued, show continued increases in the proposed volume of construction, the total estimated cost of such permits exceeding that for March by 9 per cent and their number being 36 per cent greater than a month previous. As compared with last April, each item gained 29 per cent. Of the larger cities of the district Chicago alone recorded an increase over the preceding month in the dollar value of permits, but Des Moines was the only exception to the gains registered over a year ago. The smaller cities in Indiana and Iowa reported declines from March in the aggregate estimated cost of permits, while those in Illinois and Indiana had lower dollar volumes than last April.

Merchandising

Small declines were recorded for April from March in the wholesale grocery and drug trades of the district, the respective recessions of $\frac{1}{2}$ and 4 per cent, however, being in line with seasonal trend for the period. The wholesale hardware and electrical supply trades, on the other hand, reported gains which likewise were seasonal in nature; the increase of 8 per cent in hardware sales was somewhat less than in the 1927-36 average for April, while that of 11 per cent in electrical supply sales was greater than usual for the month. Sales in all groups exceeded those of the corresponding month a year ago by a smaller

DEPARTMENT STORE TRADE IN APRIL 1937

Locality	Per Cent Change April 1937 from April 1936		Per Cent Change First Four Months 1937 from Same Period 1936	Ratio of April Collections to Accounts Outstanding End of March	
	Net Sales	Stocks End of Month	Net Sales	1937	1936
Chicago.....	+10.7	+17.7	+17.7	37.9	35.7
Detroit.....	+9.2	+14.9	+16.8	46.2	47.9
Milwaukee.....	+11.3	+15.5	+18.2	41.3	40.3
Other Cities.....	+9.0	+13.4	+14.7	37.4	36.8
7th District.....	+10.1	+16.0	+17.0	40.6	40.0

margin than in March. Data covering the first four months of 1937 show substantial sales increases—35 and 72 per cent, respectively—over the same period of 1936 in the hardware and electrical supply trades, with more moderate gains—9 and 10 per cent—in the drug and grocery trades. As in the preceding month, stocks on hand at the close of April were much heavier than a year ago in all except the drug trade where the increase has been small. In groceries, the accounts-sales ratio continued to decline in April, in drugs it rose, and was little changed in the hardware and electrical supply trades.

Although the effect of Easter buying extended into April last year, whereas this year it fell entirely in March, sales of Seventh district department stores this April exceeded those of a year ago by 10 per cent. With one less trading day in the current period than in the preceding month, sales aggregated 3 per cent smaller than in March, but daily average sales were almost one per cent larger. In Detroit, April sales totaled 2 per cent above those of March and in Milwaukee they were 1½ per cent heavier, but Chicago department store trade declined 6 per cent in the comparison and the aggregate dollar volume sold by stores in smaller cities decreased 4 per cent. The table shows that business in the first four months of 1937 was substantially heavier than in the same period of 1936. Stocks at the close of April remained 16 per cent above those on the corresponding date a year ago, while stock turnover for the year to date was slightly greater than in the first four months last year.

Following an exceptionally good March, the retail shoe trade fell off contraseasonally in April, sales of shoes by reporting dealers and department stores totaling 13 per cent less than in the preceding month, whereas the 1927-36 April average shows a gain of 13 per cent in the comparison. Furthermore, sales in the current period failed to equal those of April last year by 2 per cent. For the year 1937 through April, however, the dollar volume sold exceeded that for the first four months of last year by 14½ per cent. A further increase—5 per cent—was recorded in stocks between the close of March and April 30, and they totaled 14 per cent heavier than at the end of April 1936.

An expansion of 19 per cent took place during April in the retail furniture trade of the Seventh district, according to data compiled from reports of representative dealers and department stores. This increase is a little better than seasonal for April. Sales totaled 29 per cent above those of last April, the gain comparing with one of only 17 per cent in the yearly comparison for March. As in the preceding month, dealers made a better showing in the monthly comparison and department stores a more favorable one over a year ago: dealer sales increased 21 per cent over March and department store sales 19 per cent, while as compared with last April furniture and housefurnishing sales by dealers were 13 per cent and those by department stores 35 per cent larger. Total stocks of dealers and department stores were 4 per cent higher on April 30 than a month previous and 23 per cent above a year ago.

MONTHLY BUSINESS INDEXES COMPUTED BY FEDERAL RESERVE BANK OF CHICAGO

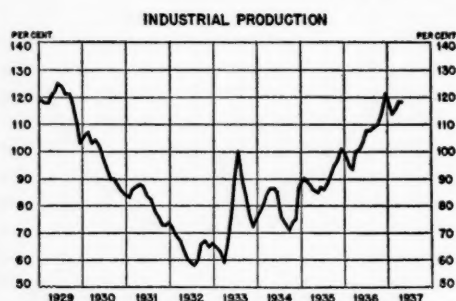
(Index numbers express a comparison of unit or dollar volume for the months indicated, using the monthly average for 1923-24-25 as a base, unless otherwise indicated. Where figures for latest month shown are partly estimated on basis of returns received to date, revisions will be given the following month. Data refer to the Seventh Federal Reserve district unless otherwise noted.)

	No. of Firms	Apr. 1937	Mar. 1937	Feb. 1937	Jan. 1937	Dec. 1936	Nov. 1936	Apr. 1936	Mar. 1936	Feb. 1936	Jan. 1936	Dec. 1935	Nov. 1935
Meat Packing—(U. S.)—													
Sales (in dollars).....	45	96	95	92	101	96	93	85	81	83	85	83	88
Casting Foundries—													
Shipments:	12	119	124	104	95	73	57	59	51	46	42	41	42
Steel—In Dollars.....	12	123	136	114	102	77	59	60	50	46	42	41	41
In Tons.....	21	85	88	74	69	66	55	61	59	49	52	49	42
Malleable—In Dollars.....	21	112	122	103	98	96	80	89	88	73	78	73	62
In Tons.....													
Stoves and Furnaces—													
Shipments (in dollars).....	9	205	180	131	103	266	256	143	139	113	93	176	207
Furniture—													
Orders (in dollars).....	12	81	94	74	114	67	81	62	62	45	73	43	56
Shipments (in dollars).....	12	92	102	85	65	81	75	64	65	57	41	53	54
Output of Butter by Creameries—													
Production.....	59	90	80	70	72	77	88	89	87	82	82	79	75
Sales.....	61	100	98	90	85	93	94	99	88	89	94	101	99
Wholesale Trade—													
Net Sales (in dollars):													
Groceries.....	27	70	72	60	65	70	65	65	61	50	63	59	63
Hardware.....	11	109	101	70	64	93	85	88	77	49	48	65	75
Drugs.....	13	82	86	77	85	90	80	77	79	69	73	74	72
Retail Trade (Dept. Stores)—													
Net Sales (in dollars):													
Chicago.....	29	93	100	75	78	157	98	84	79	68	64	133	85
Detroit.....	6	117	113	93	88	194	117	106	93	79	75	160	104
Milwaukee.....	5	102	103	76	77	160	105	93	83	67	63	135	94
Other Cities.....	44	90	96	70	68	156	94	84	81	62	59	130	88
Seventh District—Unadjusted.....	84	97	102	78	78	164	101	89	82	69	65	137	90
Adjusted.....	84	98	104	97	97	98	93	86	89	86	81	82	83
Automobile Production—(U. S.)—													
Passenger Cars.....		150	138	101	106	145	116	142	117	77	102	117	115
Trucks.....		256	240	179	187	195	143	229	207	168	176	163	154
Building Construction—													
Contracts Awarded (in dollars):													
Residential.....		52	52	28	27	28	32	35	25	10	14	21	17
Total.....		69	69	42	64	50	52	54	56	34	59	78	43
Pig Iron Production*													
Illinois and Indiana.....		130	127	123	120	117	109	94	81	75	77	79	79

*Average daily production.

NATIONAL SUMMARY OF BUSINESS CONDITIONS

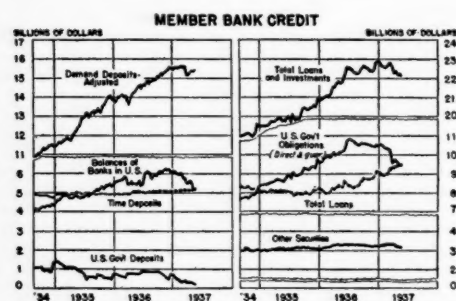
(By the Board of Governors of the Federal Reserve System)



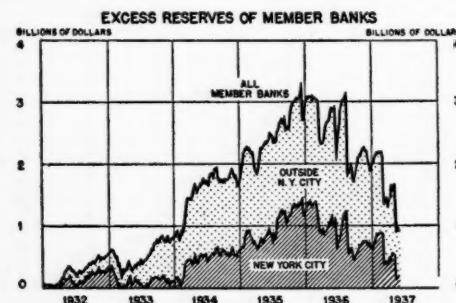
Index of physical volume of production, adjusted for seasonal variation, 1923-1925 average=100. By months, January 1929 to April 1937.



Indexes of number employed and payrolls, without adjustment for seasonal variation, 1923-1925 average=100. By months, January 1929 to April 1937. Indexes compiled by the United States Bureau of Labor Statistics.



Wednesday figures for reporting member banks in 101 leading cities, September 5, 1934, to May 19, 1937.



Wednesday figures of estimated excess reserves for all member banks and for New York City, January 6, 1932, to May 19, 1937.

INDUSTRIAL activity in April and the first half of May was maintained at the relatively high level of recent months. The general level of wholesale commodity prices declined somewhat, reflecting considerable reductions in prices of many raw materials and semi-finished products.

PRODUCTION, EMPLOYMENT, AND TRADE

The Board's seasonally adjusted index of industrial production in April continued at 118 per cent of the 1923-1925 average. Manufacturing production rose further, reflecting increased output of durable goods. Activity at steel mills was at a rate slightly higher than in March and about equal to that in the peak month of 1929. Automobile production continued to expand. In the first three weeks of May output in these industries was maintained at the levels reached at the close of April. Increases in output in April were also reported for lumber and plate glass. At textile mills, where output has been at a high level in recent months, there was a slight reduction in activity.

At bituminous coal mines output declined sharply, following an increase in March when consumers accumulated stocks of coal in anticipation of a strike. Crude petroleum output, which had risen sharply from November to March, showed further growth in April. Production of most metals also increased.

Value of construction contracts awarded, as reported by the F. W. Dodge Corporation, increased more than seasonally from March to April and continued higher than a year ago, reflecting, as in earlier months of the year, a larger volume of residential building and of other privately-financed work. Contracts awarded for publicly-financed construction have been considerably smaller in the first four months of this year than in the corresponding period of 1936.

Employment rose further between the middle of March and the middle of April. There was a considerable growth in the number of persons employed in manufacturing and on the railroads, little change in those employed in the public utilities industries and in trade, and a decline at bituminous coal mines. At factories the principal increases in employment were reported by the steel, machinery, and automobile industries, while the number employed in the clothing industry declined. Working forces at textile mills were maintained, although a decrease is usual at this season. Factory payrolls increased more than employment, reflecting chiefly further increases in wage rates.

In April, sales at department stores showed little change and mail-order sales were also maintained at the March level, while sales at variety stores declined.

COMMODITY PRICES

The general level of wholesale commodity prices, as measured by the index of the Bureau of Labor Statistics, declined from 88.3 per cent of the 1926 average at the beginning of April to 86.9 in the middle of May. Prices of nonferrous metals, steel scrap, cotton, and rubber declined considerably and there were also decreases in the prices of grains, cotton goods, silk, hides, and chemicals, while prices of shoes and clothing showed further small advances. Since the middle of May, prices of hogs and pork have advanced sharply and grain prices have also risen.

BANK CREDIT

Following upon the final increase in reserve requirements, which became effective on May 1, excess reserves of member banks declined from \$1,600,000,000 to about \$900,000,000, and in the first three weeks of May fluctuated around the new level.

Adjustments by banks to the new requirements were reflected in a decrease in interbank balances and in a small increase in borrowings. The Federal Reserve System in April purchased \$96,000,000 of United States Government securities, for the purpose of easing the adjustment to the new requirements and preserving orderly conditions in the money market.

Total loans and investments of reporting member banks showed a small decline from the middle of April through May 19. Holdings of United States Government obligations and other securities showed some decline, which was offset in part by increases in loans.

While domestic interbank and United States Government deposits declined further, balances of foreign banks and other demand and time deposits at reporting member banks increased.

MONEY RATES

The open-market rate on 90-day bankers' acceptances, which between January and the latter part of March had advanced from $\frac{1}{16}$ to $\frac{1}{8}$ per cent, was reduced to $\frac{1}{2}$ per cent on May 7, and the rate on nine-month Treasury bills declined to .62 per cent on May 24 compared with a high point of .74 per cent on May 3. Other short-term rates have shown little change in recent weeks. Yields on long-term Treasury and other high-grade bonds have declined somewhat.

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